

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 2145 - SB 2398**

February 15, 2022

**SUMMARY OF BILL:** Deletes the *Tennessee's Transitioning Youth Empowerment Act of 2010*. Authorizes DCS to implement an extension of the foster care program to provide services to certain young adults between the ages of 18 and 21, who were in the custody of DCS at the time of their eighteenth birthday. Sets certain requirements for eligibility in the program.

Requires the Department of Children's Services (DCS) to provide financial stipends equal to 50 percent of the full foster care rate to eligible relative caregivers who have custody of a child at-risk for entering state custody. Establishes certain conditions for eligibility as a relative caregiver for purposes of receiving the reimbursement. Requires DCS, beginning February 1, 2024, and no later than February 1 of each subsequent year, to publish an annual report on the payments provided pursuant to this legislation.

Takes effect January 1, 2023.

**FISCAL IMPACT:**

**Increase State Expenditures – \$17,624,300/FY22-23  
\$43,158,800/FY23-24  
\$45,042,800/FY24-25  
\$47,136,400/FY25-26  
\$49,341,400/FY26-27 and Subsequent Years**

**Increase Federal Expenditures – \$1,150,200/FY22-23  
\$2,300,400/FY23-24 and Subsequent Years**

**Other Fiscal Impact – To the extent the relative caregiver program is successful at keeping at-risk children out of state custody, it will generate some savings for the Department of Children's Services that will offset some of the program's costs. Any such savings are dependent upon the effectiveness of the proposed changes toward that end and cannot be quantified at this time.**

**The Governor's proposed budget for FY22-23, on page A-33, recognizes recurring state expenditures to the General Fund in the amount of \$35,252,600.**

Assumptions:

- The proposed legislation takes effect January 1, 2023. This effective date provision will make the legislation effective for approximately 50 percent of FY22-23.

*Assumptions relative to the foster care program:*

- Based on historical data, it is estimated that 417 additional young adults will be enrolled in the extension of the foster care program in the first year as a result of this legislation. This population is in addition to the current participants under the Act.
- The average placement daily rate is \$23.64.
- The estimated annual cost of the extension of the foster care program is \$3,598,126 (417 young adults x \$23.64 average placement daily rate x 365 days), beginning FY23-24.
- Due to the January 1, 2023 effective date, the total increase in state expenditures to the General Fund in FY22-23 is estimated to be \$1,799,063 (\$3,598,126 x 50%).
- DCS currently contracts with private providers to manage the extension of the foster care program. It is assumed DCS will continue to contract for the provision of such services and contract terms will remain the same. The current Youth Villages case management contract daily rate is \$15 per day per case.
- The private providers will be responsible for providing monthly case management visits and determining the extension of foster care eligibility. The private providers will also be responsible for providing all required annual reporting.
- Approximately 80 percent of all young adults will require case management, or 334 total (417 x 80%).
- The estimated case management cost is \$1,828,650 (334 cases x \$15 per case x 365 days).
- The estimated total cost of the extension of the foster care program in FY23-24 and subsequent years is \$5,426,776 (\$3,598,126 foster care + \$1,828,650 management).
- The increase in expenditures in relation to the extension of the foster care program will consist of 42.39 percent in federal funding and 57.61 percent in state funding.
- In FY23-24 and subsequent years, the increase in state expenditures will be \$3,126,360 (\$5,426,766 x 57.61%) and the increase in federal expenditures will be \$2,300,406 (\$5,426,766 x 42.39%).
- Due to the January 1, 2023 effective date, the total increase in state expenditures from the General Fund in FY22-23 is estimated to be \$1,563,180 (\$3,126,360 x 50%).
- Due to the January 1, 2023 effective date, the total increase in federal expenditures in FY22-23 is estimated to be \$1,150,203 (\$2,300,406 x 50%).

*Assumptions relative to the relative caregiver program:*

- Based on historical data, DCS estimates 3,414 children and 2,337 families will be enrolled in the Relative Caregiver Program (RCP) in the first year.
- It is assumed that providing the proposed financial support to relative caregivers will result in sustained growth in participation in the RCP in future years. For purposes of this analysis, a sustained annual growth in participation of five percent is assumed.
- Therefore, participation in the RCP is reasonably expected to increase each year as follows:

<b>Fiscal Year</b>	<b>Increase in Children</b>	<b>Total Number of Children</b>	<b>Increase in Cases</b>	<b>Total Number of Cases</b>
FY22-23	None	3,414	None	2,337
FY23-24	171	3,585	117	2,454
FY24-25	179	3,764	123	2,576
FY25-26	188	3,952	129	2,705
FY26-27	198	4,150	135	2,840

- The current average foster care board rate is \$31.02 per day.
- Passage of the proposed legislation will require DCS to provide eligible caregivers 50 percent of the full foster care rate or \$15.51 (\$31.02 x 50.0%) per day, per child.
- Due to the January 1, 2023 effective date, payments will only be made for approximately 50 percent of FY22-23. Therefore, the estimated cost for the relative caregivers' monthly board rate in FY22-23 is \$9,663,583 (3,414 children x \$15.51 per day x 365 days x 50.0%).
- The increase in expenditures for FY23-24 through FY26-27 associated with providing foster care payments for children not in state custody is estimated to be:
  - FY23-24: \$20,350,826 (3,585 kids x \$15.51 x 366 days);
  - FY24-25: \$21,308,569 (3,764 kids x \$15.51 x 365 days);
  - FY25-26: \$22,372,865 (3,952 kids x \$15.51 x 365 days); and
  - FY26-27: \$23,493,773 (4,150 kids x \$15.51 x 365 days).
- DCS will contract with private providers to manage the RCP. The current Youth Villages case management contract daily rate is \$15 per day per case.
- The estimated case management cost for FY22-23 is \$6,397,538 (2,337 families x \$15 per case x 365 days x 50.0%).
- The increase in expenditures in FY23-24 through FY26-27 for case management costs is estimated to be:
  - FY23-24: \$19,681,650 (3,585 kids x \$15 x 366 days);
  - FY24-25: \$20,607,900 (3,764 kids x \$15 x 365 days);
  - FY25-26: \$21,637,200 (3,952 kids x \$15 x 365 days); and
  - FY26-27: \$22,721,250 (4,150 kids x \$15 x 365 days).
- Due to the January 1, 2023 effective date, the total increase in state expenditures to the General Fund in FY22-23 is estimated to be \$16,061,121 (\$9,663,583 payments + \$6,397,538 management).
- The total increase in state expenditures to the General Fund in FY23-24 through FY26-27 is estimated to be:
  - FY23-24: \$40,032,476 (\$20,350,826 payments + \$19,681,650 management);
  - FY24-25: \$41,916,469 (\$21,308,569 payments + \$20,607,900 management);
  - FY25-26: \$44,010,065 (\$22,372,865 payments + \$21,637,200 management); and
  - FY26-27: \$46,215,023 (\$23,493,773 payments + \$22,721,250 management);
- The increase in expenditures for each year of the RCP will be in state funding, as federal funding cannot be used for children who are not in state custody.

*Assumptions relative to the total impact:*

- The total increase in state expenditures to the General Fund in FY22-23 is estimated to be \$17,624,301 (\$1,563,180 RCP + \$16,061,121 foster care extension).
- The total increase in state expenditures to the General Fund in FY23-45 through FY26-27 is estimated to be:
  - FY23-24: \$43,158,836 (\$40,032,476 RCP + \$3,126,360 foster care extension);
  - FY24-25: \$45,042,829 (\$41,916,469RCP + \$3,126,360 foster care extension);
  - FY25-26: \$47,136,425 (\$44,010,065RCP + \$3,126,360 foster care extension); and
  - FY26-27: \$49,341,383 (\$46,215,023RCP + \$3,126,360 foster care extension);
- For the purposes of this fiscal analysis, it is assumed that expenditures in FY26-27 will remain constant in subsequent years.
- DCS can complete the annual reporting requirements utilizing existing Department resources.
- The extent to which the RCP may generate offsetting savings through a reduced rate of at-risk children entering state custody cannot be reasonably estimated at this time.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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